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February 25, 2010

VIA ELECTRONIC FILING

Jocelyn G. Boyd
Interim Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Application for Approval of Change in Methodology by Which Piedmont Natural Gas Company, Incorporated Calculates and Records LAUF Adjustments to Its Gas Cost.
Docket No. 2009-435-E

Dear Ms. Boyd:

The South Carolina Office of Regulatory Staff ("ORS") has reviewed and discussed with Company representatives the requests for approval of all three items set forth in Piedmont's letter dated February 18, 2010.

As stated in ORS' letter to the Commission dated October 19, 2009, ORS has no objection to the approval of Piedmont's request regarding changes in its lost and unaccounted for methodology.

ORS has also reviewed and agrees with the changes which Piedmont proposes to its tariff. The proposed modifications to Piedmont's GCRM tariff would conform the tariff to Piedmont's requested changes in lost and unaccounted for methodology.

Finally, ORS has reviewed and agrees with Piedmont's request concerning the inclusion of unbilled volumes in its commodity and demand gas cost true-up calculations to more accurately match gas costs with collections. ORS's position is consistent with that presented and approved by the Commission in both SCE&G's Annual Electric Fuel Review (Docket 2009-2-E) and SCE&G's Annual Review of Natural Gas Purchases (Docket 2009-5-G).

ORS supports Piedmont's request that approval of these accounting and tariff changes be effective retroactively to October 1, 2009.

(Continued...)

ORS believes that Piedmont's proposed changes will benefit both the company and its customers by providing a more timely and accurate "true-up" of purchased costs.

Thank you for your attention to this matter. Should you have any questions, please contact me at (803)-737-0811.

Very truly yours,



John W. Flitter

JF/sh

cc: Dan F. Arnett, Chief of Staff
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